

NND 969031  
By CLH Date 17 Aug 98



POL ALG-45  
Department of State  
**TELEGRAM**  
XR FSE 9 ALG

~~SECRET~~ 741

PAGE 01 ALGIER 00166 01 OF 02 052012Z

52 42  
ACTION AF-05

INFO OCT-01 SS-20 NSC-10 NSCE-00 INR-06 CIAE-00 E-02 NEA-08  
EUR-12 RSR-01 RSC-01 PM-03 DODE-00 FPC-01 AID-12  
XMB-01 TRSY-06 PRS-01 /090 W

059766

R 051830Z FEB 70  
FM AMEMBASSY ALGIERS  
TO SECSTATE WASHDC 4652  
INFO AMEMBASSY PARIS  
AMEMBASSY RABAT  
AMEMBASSY TUNIS

S E ~~SECRET~~ SECTION 1 OF 2 ALGIERS 166/1

SUBJECT: MEETING WITH ALGERIAN FOREIGN MINISTER

SUMMARY: FONMIN BOUTEFLIKA CALLED ME IN TO DISCUSS U.S.-  
ALGERIAN RELATIONS AND ASK SECRETARY'S HELP IN OBTAINING  
FINANCING FOR ALGERIAN PORTION OF EL PASO GAS PROJECT. HE  
GAVE IMPRESSION THAT WHILE  
GOA FINDS IT DIFFICULT TO ESTABLISH  
DIPLOMATIC RELATIONS AT THIS TIME, HE WISHES TO BUILD UP  
U.S.-ALGERIAN ECONOMIC TIES AND U.S. PRESENCE HERE.  
END SUMMARY.

1. PROTOCOL ASSISTANT IN FONMIN BOUTEFLIKA'S OFFICE PHONED ME  
AT 6 P.M. FEBRUARY 4 TO ASK THAT I COME TO FONMINISTRY TO SEE  
BOUTEFLIKA IMMEDIATELY. CALL WAS NOT ENTIRELY UNEXPECTED  
SINCE LAST WEEK I HAD BEEN TOLD TO STAND BY FOR MEETING WHICH  
APPARENTLY WAS DELAYED DUE TO MALIAN AND SYRIAN STATE VISITS.

2. BOUTEFLIKA SPENT FIRST 20 MINUTES PRESENTING DETAILED  
FORMULATION OF ALGERIAN POSITION RE NUMBER OF QUESTIONS AFFECT-  
ING RELATIONS WITH U.S. AND LEADING UP TO REQUEST THAT  
SECRETARY ROGERS AND DEPARTMENT HELP ARRANGE ALGERIAN PORTION  
OF FINANCING OF PROPOSED EL PASO GAS PROJECT.

Algerie  
2-5-70  
166

REPRODUCED AT THE NATIONAL ARCHIVES

(2)

~~SECRET~~  
46

DECLASSIFIED  
E.O. 12958, as amended

NND 969031  
By CLH Date 17 Nov 98



## Department of State

# TELEGRAM

~~SECRET~~

PAGE 02 ALGIER 00166 01 OF 02 052012Z

3. FONMIN BEGAN BY DISCUSSING U.S.-ALGERIAN DIPLOMATIC BREAK IN 1967 IN MANNER WHICH AMOUNTED TO ADMISSION THAT IT HAD BEEN A STUPID MISTAKE BUT THAT RENEWAL WITHOUT SOME POSITIVE DEVELOPMENT TO JUSTIFY IT WOULD ONLY CONFIRM ORIGINAL ALGERIAN FOLLY. HE REFERRED TO VIET NAM WHERE U.S. HAD TAKEN POSITIVE STEP BY ENGAGING IN PARIS MEETINGS BUT WHERE NO AGREEMENT HAD YET BEEN REACHED. ON MIDDLE EAST U.S. POLICY APPEARED TO BE CONSTANTLY CHANGING WITH REPORTS FAVORABLE TO ARABS ONE DAY AND PRO-ISRAELI NEXT. HE IMPLIED THAT NEITHER VIET NAM NOR MIDDLE EAST HAD YET PROVIDED PEG ON WHICH ALGERIA COULD RENEW DIPLOMATIC RELATIONS.

4. FONMIN THEN TURNED TO ECONOMIC RELATIONS WHICH HAD IMPROVED SUBSTANTIALLY DURING LAST TWO YEARS SO THAT U.S. FIRMS NOW ENJOYED A "FAVORED POSITION" HERE. ALGERIAN GOVERNMENT WISHED THIS TREND TO CONTINUE SO THAT WHEN DIPLOMATIC RELATIONS WERE FINALLY RESTORED THEY WOULD BE BASED ON SOMETHING TANGIBLE AND ENDURING. MOST IMPORTANT FIELD OF ECONOMIC COOPERATION FOR FUTURE WAS IN LIQUEFIED GAS PROJECTS, SUCH AS EL PASO DEAL. HE HAD HAD LONG TALK WITH EL PASO PRESIDENT BOYD WHO WAS IN ALGIERS RECENTLY AND HE HAD BEEN STRUCK BY FACT THAT ORIGINAL PROJECT CALLING FOR DELIVERY 10 BILLION CUBIC METERS PER YEAR AMOUNTED TO ONLY 2 PERCENT OF TOTAL U.S. CONSUMPTION. BOYD HAD TOLD HIM THAT PROSPECTS WERE GOOD THAT SALES COULD BE EXTENDED AN ADDITIONAL 5 BILLION CUBIC METERS PER YEAR.

5. REFERRED TO TWO ASPECTS OF EL PASO DEAL WHICH INVOLVED USG. FIRST WAS APPROVAL OF PROJECT BY FPC. SECOND, WHICH WAS MAIN PURPOSE OF HIS CALLING ME IN, WAS FINANCING OF ALGERIA'S SHARE OF PROJECT. DURING HIS MEETING WITH SECRETARY ROGERS IN OCTOBER SECRETARY HAD "PROMISED TO BE HELPFUL IN SUCH MATTERS". HE NOTED THAT SECRETARY WAS EX-OFFICIO MEMBER OF BOARD OF EXIMBANK. HE THOUGHT THAT BANK COULD PLAY MAJOR ROLE IN ARRANGING FINANCING OF EL PASO PROJECT AND WISHED ME TO CONVEY TO DEPARTMENT AND SECRETARY HIS REQUEST FOR THEIR SUPPORT. HE ALSO WONDERED WHETHER THE IBRD MIGHT BE HELPFUL, THOUGH HE WAS CENTERING HIS REQUEST ON EXIMBANK.

6. IN REPLY I RECIPROCATED FONMIN'S DESIRE TO BUILD ECONOMIC RELATIONS AND NOTED THAT STATE DEPARTMENT WAS TAKING POSITIVE

~~SECRET~~

NND 969031  
By CLH Date 17 Nov 98



# Department of State

# TELEGRAM

REPRODUCED AT THE NATIONAL ARCHIVES

PAGE 03 ALGIER 00166 01 OF 02 052012Z

POSITION IN THIS REGARD. FOR EXAMPLE EXIMBANK LOAN HAD BEEN OBTAINED FOR ALGERIA'S PURCHASE OF BOEINGS. I ALSO REFERRED TO QUESTION OF FPC APPROVAL AND SAID WE WERE ON WHOLE OPTIMISTIC, BUT PROCESS MIGHT TAKE LONG TIME. I UNDERTOOK TO TRANSMIT FONMIN'S REQUEST TO DEPARTMENT AND SECRETARY AND SAID I WOULD ALSO HAVE OPPORTUNITY IN KINSHASA TO SEE NOT ONLY SECRETARY BUT ALSO ASSISTANT SECRETARY NEWSOM AND COUNTRY DIRECTOR FOR NORTH AFRICA BLAKE AND OTHERS WHO WERE INTERESTED IN ALGERIA.

7. I OBSERVED THAT PRINCIPLE THAT ALGERIA COULD USE EXIM FACILITY APPEARED TO HAVE BEEN ESTABLISHED, BUT FINANCING OF EL PASO DEAL WAS LARGE AND COMPLEX MATTER REQUIRING A NUMBER OF SOURCES MANY OF WHICH WOULD BE PRIVATE. I REFERRED TO WIDESPREAD IMPRESSION THAT ALGERIAN GOVERNMENT CONSIDERED IBRD HOSTILE. WE BELIEVED THIS WAS A MISTAKE SINCE WE UNDERSTOOD THAT DOORS AT IBRD WERE OPEN TO AN ALGERIAN APPROACH. WE HAD BEEN SURPRISED AT RECENT ATTACK ON IBRD AND ROBERT MCNAMARA IN RECENT ISSUE OF QUASI-OFFICIAL ALGERIAN NEWSPAPER.

8. FONMIN REPLIED THAT IT WAS TRUE THAT ALGERIA FELT THAT IBRD WAS HOSTILE. HE WAS VERY INTERESTED, HOWEVER, IN MY STATEMENT THAT WE THOUGHT A DIALOGUE WITH BANK COULD BE USEFUL. HE SAID ALGERIAN GOVERNMENT HAD HIGHEST REGARD FOR MR. MCNAMARA, AND GAVE IMPRESSION THEY MIGHT TAKE INITIATIVE IN APPROACHING IBRD.

9. FONMIN SAID HE WAS GLAD TO KNOW THAT I WOULD BE SENDING REPORT OF OUR CONVERSATION TO WASHINGTON BY TELEGRAM. ALGERIA WAS IN A HURRY IN ITS DEVELOPMENT PROGRAM AND WAS ANXIOUS TO HAVE A REPLY AS SOON AS POSSIBLE. HE WONDERED WHETHER I COULD GO TO RABAT DURING SECRETARY'S VISIT THERE TO DISCUSS MATTER WITH HIM. I OBSERVED THAT SECRETARY'S SCHEDULE IS TIGHT, THAT IT WOULD BE IMPOSSIBLE FOR HIM TO RECEIVE CHIEFS OF MISSION WHO MIGHT WANT TO INTERCEPT HIM ALONG PATH OF HIS AFRICAN TRIP AND IN ANY CASE I COULD DISCUSS MATTER IN KINSHASA.

10. FONMIN SAID GOA WOULD LIKE TO KNOW AS SOON AS POSSIBLE WHETHER OR NOT USG COULD ARRANGE FINANCING OF EL PASO DEAL. I REPLIED THAT QUESTION OF FINANCING WAS EXTREMELY COMPLICATED AND AGAIN MENTIONED FACT THAT EXIMBANK WAS ONLY ONE POSSIBLE ELE-

NND 969031

By CLH Date 17 Aug 98



*Department of State*

**TELEGRAM**

~~SECRET~~

PAGE 04 ALGIER 00166 01 OF 02 052012Z

MENT IN A FINANCIAL PACKAGE. QUESTION WAS NOT WHETHER USG COULD PROVIDE FINANCING BUT EXTENT TO WHICH DEPARTMENT COULD BE HELPFUL IN FACILITATING ALGERIAN EFFORTS TO FIND FINANCING. THUS IT WAS NOT QUESTION OF A YES OR NO REPLY. I HOPED, HOWEVER, THAT I WOULD BE ABLE TO GIVE HIM DEPARTMENT'S AND SECRETARY'S VIEWS WHICH COULD HELP ALGERIA MOVE PROJECT FORWARD.

1. SINCE BOUTEFLIKA SEEMED INCLINED TO CONTINUE CONVERSATION I REFERRED TO HIS STATEMENT ABOUT CHANGES IN U.S. POLICY IN MIDDLE EAST. HE SAID THAT HE AND OTHERS IN ALGERIAN GOVERNMENT HAD BEEN FAVORABLY IMPRESSED BY SECRETARY'S SPEECH

~~SECRET~~

REPRODUCED AT THE NATIONAL ARCHIVES

NND 969031  
By CLH Date 17 Nov 98



*POL ALG US*  
**Department of State**  
**TELEGRAM**

~~SECRET~~ 740

PAGE 01 ALGIER 00166 02 OF 02 052008Z

52 42  
ACTION AF-05

INFO OCT-01 SS-20 EUR-12 NSC-10 NSCE-00 INR-06 CIAE-00 E-02  
NEA-08 PM-03 DODE-00 RSR-01 RSC-01 FPC-01 AID-12  
XMB-01 TRSY-06 PRS-01 /090 W

059771

R 051830Z FEB 70  
FM AMEMBASSY ALGIERS  
TO SECSTATE WASHDC 4653  
INFO AMEMBASSY PARIS  
AMEMBASSY RABAT  
AMEMBASSY TUNIS

~~SECRET~~ FINAL SECTION OF 2 ALGIERS 166/2

LIMDIS

OF DECEMBER 9. HE ALSO APPRECIATED VERY MUCH OUR HAVING MADE AVAILABLE TO HIM ON CONFIDENTIAL BASIS DOCUMENTS OUTLINING AMERICAN POSITION. HE HAD PERSONALLY SUGGESTED THAT SMAIL HAMDANI ACT AS SPECIAL LIAISON ON SUCH MATTERS SINCE HAMDANI HAD CLOSE CONTACTS BOTH WITH HIM AND WITH PRESIDENT BOUMEDIENE. RE MIDDLE EAST, HE HAD IMPRESSION U.S. POSITION HAD SLIPPED SINCE ARAB SUMMIT MEETING. I REPLIED THAT THIS WAS NOT THE CASE AND CONVERSATION CONTINUED BACK AND FORTH FOR MOST PART AVOIDING ISSUES ON WHICH U.S. AND ALGERIAN POINTS OF VIEW DID NOT AGREE. BOUTEFILKA IN SEMI-SERIOUS VEIN REMARKED HOW BLATANTLY OPPORTUNISTIC FRENCH HAVE BEEN IN THEIR COURTING OF ARABS EVEN THOUGH THEIR POSITION ON MIDDLE EAST IS FAR LESS PRO-ARAB THAN IT APPEARS. HE ALSO SPOKE SYMPATHETICALLY OF DILEMMA FACED BY U.S. AND UNFORTUNATE OPPORTUNITY IT GAVE FOR "OUTSIDE POWER TO MOVE INTO AREA". SEVERAL TIMES IN CONVERSATION HE SINGLED OUT ALGERIAN POLICIES THAT WERE IN OPPOSITION TO SOVIETS, SUCH AS ALGERIAN POSITION THAT ALL NON-MEDITERRANEAN FLEETS SHOULD LEAVE MEDITERRANEAN.

12. REFERRING TO HAMDANI'S LIAISON ROLE, I SUGGESTED THAT IF THERE WERE EVER ANY ASPECT OF U.S. POLICY THAT FONMIN WISHED TO CLARIFY HE SHOULD HAVE HAMDANI COME IMMEDIATELY

~~SECRET~~

NND 969031

By CH Date 17 Aug 98



Department of State

TELEGRAM

~~SECRET~~

PAGE 02 ALGIER 00166 02 OF 02 052008Z

TO US FOR EXPLANATION. FOR EXAMPLE, THERE HAD BEEN A FALSE DOCUMENT CIRCULATING AT RABAT SUMMIT. BOUTEFLIKA BROKE IN TO SAY THAT THIS DOCUMENT HAD BEEN GIVEN TO ALGERIAN DELEGATION WITH REQUEST THAT ALGERIAN PRESS PUBLISH IT. ALGERIANS HAD NOT BEEN SO EASILY TAKEN IN, HOWEVER, SINCE THEY THOUGHT IT UNLIKELY THAT GENUINE INSTRUCTIONS FROM SECRETARY OF STATE WOULD BE CIRCULATING AT RABAT. I AGREED AND NOTED ANOMALY IN EMBASSY ADEN'S BEING ADDRESSEE. AT ONE POINT IN CONVERSATION FONMIN REFERRED DISPARAGINGLY TO "LATEST WORD OUT OF CAIRO" (HIS EUPHEMISM FOR NASSER'S RECENT SPEECH) WHICH HE SAID HAD CASTIGATED USG IN UNPRECEDENTED MANNER. INFERENCE WAS THAT HE CONSIDERED NASSER'S ATTACK IRRESPONSIBLE.

13. AS CAN BE SEEN FROM ABOVE, CONVERSATION WHICH BEGAN IN A STRUCTURED VEIN BECAME INCREASINGLY INFORMAL AND ENDED WITH BOUTEFLIKA APPLYING HIS MOST CHARMING MANNER. IN REPLY TO HIS FRIENDLY CLOSING REMARKS, I SAID THAT HE COULD BE CERTAIN DEPARTMENT WOULD INTERPRET HIS HAVING RECEIVED CHIEF U.S. INTERESTS SECTION ALGIERS AS A POSITIVE STEP IN IMPROVEMENT IN U.S.-ALGERIAN RELATIONS. HE REPLIED THAT IF AT ANY TIME I WISHED TO SEE HIM PERSONALLY ON ANY IMPORTANT OR URGENT MATTER, I SHOULD LET HAMDANI KNOW AND HE WOULD RECEIVE ME AT ONCE. (CHIEFS OF MISSION OFTEN WAIT WEEKS FOR INTERVIEWS WITH BOUTEFLIKA.)

14. COMMENT: THIS IS FIRST TIME BOUTEFLIKA HAS RECEIVED A U.S. DIPLOMATIC REPRESENTATIVE IN ALGIERS SINCE 1967 BREAK. HE NOW SEEMS TO WISH TO MOVE RELATIONS FORWARD ON BASIS PERSONAL CONTACT HE ESTABLISHED WITH SECRETARY AT OCTOBER 10 MEETING IN NEW YORK. HIS REQUEST RE USG HELP IN FINANCING EL PASO DEAL SEEMED SOMEWHAT NAIVE. PERHAPS HE HAD BEEN BRIEFED TO PRESS FOR SECRETARY'S HELP ONLY IN OBTAINING EXIMBANK LOANS COVERING EQUIPMENT PURCHASES IN U.S., THOUGH HE GAVE THE IMPRESSION THAT HE EXPECTED EXIMBANK TO HELP PUT TOGETHER FINANCIAL PACKAGE FROM OTHER U.S. SOURCES. WHATEVER HIS EXPECTATIONS, HIS APPROACH PROVIDES OPPORTUNITY FOR US TO RE-ESTABLISH HIGH LEVEL CONTACT WITHIN GOA AND FURTHER TEST ALGERIA'S DESIRE TO IMPROVE RELATIONS. I WILL HOPE TO OBTAIN GUIDANCE ON SUBSTANCE OF OUR INITIAL REPLY AND FUTURE TACTICS AT KINSHASA CONFERENCE.

GP-3

EAGLETON

~~SECRET~~